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Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada)

AND ITS SUBSIDIARY COMPANIES.

Notice of Annual Meeting

AND

DIRECTORS' REPORT

AND

CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS

AS AT

31st DECEMBER, 1944.

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CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS

31st DECEMBER, 1934

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DIRECTORS' REPORT

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CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS

AS AT

31st DECEMBER, 1944.

Board of Directors.

H. J. MACKIN, *President and Managing Director.*

A. J. MITCHELL, *Vice-President.*

T. BLUNDELL BROWN.

JOHN DAVIDSON.

C. L. BURTON, C.B.E.

J. F. LASH, K.C.

COL. K. R. MARSHALL, C.M.G., D.S.O.

Secretary.

W. A. WALKER, Toronto.

Treasurer.

G. G. STEWART, Vancouver.

Offices.

25, KING STREET WEST, TORONTO, ONT. AND 1125 MARINE BUILDING, VANCOUVER, B.C.

Secretary and Registrar in England.

THE BRITISH EMPIRE TRUST COMPANY, LIMITED,
213, Finchampstead Road, Wokingham, Berks.

Canadian Western Lumber Company, Limited

(Incorporated under the laws of the Dominion of Canada),

FRASER MILLS, BRITISH COLUMBIA,
AND ITS SUBSIDIARY COMPANIES.

THIRTY-FIFTH ANNUAL REPORT OF THE DIRECTORS

*To be submitted at the Annual Meeting to be held in Toronto on Friday,
the 27th day of April, 1945, at 11 o'clock a.m.*

To the Shareholders of

CANADIAN WESTERN LUMBER COMPANY, LIMITED.

The Consolidated Balance Sheet and Financial Statements for the year ended 31st December, 1944, are submitted herewith by your Directors.

The Earnings for the year 1944 as shown on the Consolidated Statement of Income and Expenditure (page 6) amounted to..... \$2,523,116.21
from which there has been deducted Reserves:

For Depreciation and Obsolescence of Buildings, Plant, Equipment, etc.....	\$ 329,356.24	
" Taxes	1,850,000.00	
" Fire and War Risk and other Contingencies.....	100,000.00	
		<u>2,279,356.24</u>
leaving.....		\$ 243,759.97

Deduct:—Interest on 5 per cent. First Mortgage Debenture Stock:
For the half-year to 30th June, 1944, due and paid 1st December,
1944; together with Interest to date of redemption on the
balance of Stock drawn through Sinking Fund..... 8,272.96
\$ 235,487.01

Deduct:—Interest on 5 per cent. Cumulative Income Debenture
Stock:
For the half-year to 30th June, 1944, paid 1st December, 1944.. \$ 92,231.85
For the half-year to 31st December, 1944, accrued, payable 1st
June, 1945..... 92,231.85
184,463.70

Leaving a balance available from the year's earnings towards payment of
arrears of Interest on the 5 per cent. Cumulative Income Deben-
ture Stock of..... \$ 51,023.31

Such balance of \$51,023.31, together with \$19,477.21 undistributed and brought forward from profits of previous years, makes available \$70,500.52 (equal to 1.9109%) for payment on account of arrears of Interest on the 5 per cent. Cumulative Income Debenture Stock.

An interim payment of 2½ per cent. in respect of Interest on the 5 per cent. Cumulative Income Debenture Stock for the half-year to 30th June, 1944, was made on 1st December, 1944. On 1st June, 1945, a further 2½ per cent. for the half-year to 31st December, 1944, together with 1.9109 per cent. on account of arrears of Interest will be paid.

Lumber sold during the year amounted to 144,901,458 feet compared with 157,382,021 feet in the preceding year—a decrease of 12,480,563 feet.

Operating Earnings, in which is included \$161,187.63 Reserves made in previous years but not now required, amounted to \$2,523,116.21 compared with \$1,695,224.99 for the previous year. Increased average selling prices were secured for most of the products manufactured, particularly on shipments to export markets. Operating costs were higher due to the shortage of labour and increased expenses. The Company's subsidiaries operating retail lumber yards in the Prairie Provinces enjoyed a larger volume of trade than for many years.

Sales during the year of the products manufactured by the Company were mostly used for direct and indirect war purposes by Canada, the United Kingdom, the Dominions and the United States of America.

The provision for Income and Excess Profits Tax is substantially greater than for the previous year. This was brought about by increased earnings and the discontinuance of the special tax allowance given on certain logs cut in 1943. The portion of Excess Profits Taxes refundable after the war is shown on the Consolidated Balance Sheet at the estimated amount of \$443,822.83.

The balance of the outstanding 5 per cent. First Mortgage Debenture Stock was redeemed during the year through the operation of the Sinking Fund.

The Company has on hand substantial orders for its products and it is expected that an active demand for building materials will continue. The extent to which operations can be carried on will depend upon the availability of labour. Until the cessation of hostilities and the services of men now in the armed forces and in more essential war industries are available there is the likelihood that production will further decline.

Your Board records its appreciation of the services rendered by officers and employees during the year.

Respectfully submitted,

H. J. MACKIN,
President.

TORONTO, CANADA

15TH MARCH, 1945.

CANADIAN WESTERN LUM

AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET,

SHARE CAPITAL—		LIABILITIES	
Authorized and Issued:			
3,100,000 Ordinary Shares of the par value of \$2.00 each of Canadian Western Lumber Company, Limited		\$6,200,000.00	
Deduct—			
27,000 Shares owned by Subsidiary Company		54,000.00	
			\$ 6,146,000.00
5% CUMULATIVE INCOME DEBENTURE STOCK (Secured), maturing 1st			
December, 1945—(converted at the rate of \$4.86 $\frac{2}{3}$ to the £1 Sterling)—			
Authorized	£1,384,314	=	6,736,994.80
Less:			
Formerly issued as Collateral	£245,000		
Unissued	1 245,001	=	1,192,338.20
			1,139,313 = 5,544,656.60
Less Retired to date and cancelled	381,243	=	1,855,382.60
	£758,070	=	3,689,274.00
CURRENT LIABILITIES—			
Interest Accrued (secured) payable 1st June, 1945, on 5 per cent. Cumulative Income Debenture Stock:—			
For the half-year to 31st December, 1944		92,231.85	
Payable on account of arrears		70,500.52	
		162,732.37	
Bills and Accounts Payable		592,317.53	
Reserve for Taxes		1,633,635.02	
			2,388,684.92
EARNINGS AVAILABLE FOR PAYMENT ON ACCOUNT OF ARREARS OF			
INTEREST ON 5 PER CENT. CUMULATIVE INCOME DEBENTURE			
STOCK (Secured)—			
Balance of Earnings available as at 31st December, 1943 (as per contra)		19,477.21	
Added during year to 31st December, 1944, as per Consolidated General Statement of Income and Expenditure		51,023.31	
		70,500.52	
Deduct 1.9109 per cent. payable 1st June, 1945, being total Profits available for payment of interest on the above Debenture Stock under the terms of the Trust Deed, transferred to Interest Accrued		70,500.52	—
RESERVES—			
For Depreciation and Obsolescence of Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc.		5,477,659.34	
For General purposes and Contingencies		826,972.25	
			6,304,631.59
DEFERRED CREDIT TO INCOME AND EXPENDITURE ACCOUNT—			
Portion of Excess Profits Tax refundable after the War (as per contra)			443,822.83
NOTE:—There are arrears of Interest of \$2,471,813.58 accumulated at 31st December, 1944, on the 5 per cent. Cumulative Income Debenture Stock of Canadian Western Lumber Company, Limited, which have not been provided for. Pending maturity of said Debenture Stock such Interest is payable only when Net Earnings are available. Cumulative Sinking Fund applicable to the said 5 per cent. Cumulative Income Debenture Stock becomes payable out of Earnings after payment of Interest on said Income Stock for the year ending on the last preceding 31st December, together with arrears of Interest on such Income Stock. Such Sinking Fund unprovided for to 31st December, 1944, is \$393,224.73.			\$18,972,413.34

Signed on behalf of the Board,
H. J. MACKIN, Director.
A. J. MITCHELL, Director.

TORONTO, ONTARIO,
15TH MARCH, 1945.

BER COMPANY, LIMITED

COMPANIES

AS AT 31st DECEMBER, 1944.

ASSETS	
PROPERTIES—	
Timber Limits (Company valuations as at 31st December, 1932, as per Directors' Report for that year).....	\$6,668,221.79
Additions at Cost, less Disposals since 31st December, 1932.....	3,188,611.44
Deduct—Timber cut since 31st December, 1932.....	9,856,833.23
	6,000,961.91
Real Estate, Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc. (at cost).....	3,855,871.32
	7,619,966.11
	\$11,475,837.43
INVESTMENTS—	
Mortgages, Real Estate and Buildings acquired, Agreements for Sale of Real Estate, Tax Sale Certificates and Miscellaneous Bonds and Shares, at book value, less Reserve.....	53,220.79
CURRENT ASSETS—	
Logs, Lumber and Supplies, as per physical Inventories (cost, less reserve).....	3,182,695.79
Bills and Accounts Receivable, less Reserve.....	377,911.88
Dominion of Canada Bonds, par value \$277,500.00, cost.....	277,500.00
Cash in Bank and on Hand.....	594,265.61
	4,432,373.28
CASH IN HANDS OF TRUSTEES—	
For distribution to 5 per cent. Cumulative Income Debenture Stockholders on account of Arrears of Interest (as per contra).....	19,477.21
Add—Interest accrued.....	329.48
	19,806.69
TRUST ACCOUNTS—	
From Sales of Mortgaged Premises—	
Cash in Bank.....	45,336.39
Investments (at cost) deposited with the Trustees.....	1,043,579.08
	1,088,915.47
REFUNDABLE PORTION OF EXCESS PROFITS TAX (as per contra).....	443,822.83
DEFERRED CHARGES—	
Insurance, etc.....	374,792.47
DEFERRED DEBIT TO INCOME AND EXPENDITURE ACCOUNT—	
Depletion of Timber Limits not provided for by Sinking Fund or otherwise (after deducting \$832,358.26 accretion to 31st December, 1944, on Investments deposited with the Trustees).....	1,083,644.38
	<u>\$18,972,413.34</u>

To the Shareholders:

We report that we have audited the books and accounts of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies for the twelve months ended 31st December, 1944, and that we have obtained all the information and explanations we have required.

We are of the opinion that the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of CANADIAN WESTERN LUMBER COMPANY, LIMITED, and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the respective Companies.

VANCOUVER, B.C.,
15TH FEBRUARY, 1945.

CANADIAN WESTERN LUMBER COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED GENERAL STATEMENT OF INCOME AND EXPENDITURE FOR THE 12 MONTHS ENDED 31st DECEMBER, 1944.

BY TOTAL PROFIT FROM OPERATIONS.....	\$2,636,463.22
Less: Standing Timber taken from Subsidiary Company at cost price and used in operations.....	194,072.04
" OPERATING PROFIT.....	\$2,442,391.18
Deduct:	
Remuneration of Executive Officers, including Managing Director	\$127,660.00
Directors' Fees.....	7,000.00
Legal Remuneration and Costs.....	9,564.64
	144,224.64
" NET OPERATING PROFIT before providing for Depreciation and Obsolescence, Depletion of Timber Limits and Income Taxes...	\$2,298,166.54
" Reserve for Investments provided in prior years not now required..	161,187.63
" Income from Investments.....	2,548.00
" General Interest—earned less paid.....	61,214.04
	\$2,523,116.21
TO RESERVES:	
For Depreciation and Obsolescence of Sawmills, Buildings, Plant, Equipment, Logging Construction, Tugboats, etc.....	\$329,356.24
For Taxes.....	1,850,000.00
For Fire and War Risk and other Contingencies.....	100,000.00
	2,279,356.24
	\$ 243,759.97
" INTEREST on 5 per cent. First Mortgage Debenture Stock:	
For the half-year to 30th June, 1944, due and paid 1st December, 1944; together with Interest to date of redemption on the balance of Stock drawn through Sinking Fund.....	8,272.96
	\$ 235,487.01
" INTEREST on 5 per cent. Cumulative Income Debenture Stock:	
For the half-year to 30th June, 1944, paid 1st December, 1944...	\$ 92,231.85
For the half-year to 31st December, 1944, accrued, payable 1st June, 1945.....	92,231.85
	184,463.70
BY NET PROFIT for the year (without providing for Depletion of Timber Limits covered by Trust Deed and before providing for Sinking Fund in respect of 5 per cent. Cumulative Income Debenture Stock) which is available towards payment of arrears of Interest on 5 per cent. Cumulative Income Debenture Stock, carried to Consolidated Balance Sheet.....	\$ 51,023.31

Canadian Western Lumber Company, Limited

(Incorporated under the laws of the Province of Ontario)

And its subsidiary companies

DIRECTORS' REPORT

AND

CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS

FOR THE YEAR
ENDING DECEMBER 31, 1934

Notes to the financial statements

To the shareholders of

Canadian Western Lumber Company, Limited

THE DIRECTORS of the Company have pleasure in presenting to you the following consolidated financial statements of the Company and its subsidiary companies for the year ending December 31, 1934. These statements are prepared in accordance with the provisions of the Companies Act, R.S.O. 1931, Chapter 121, and the regulations thereunder. The consolidated financial statements are prepared on the basis of the books and records of the Company and its subsidiary companies, and are subject to audit by the shareholders. The consolidated financial statements are prepared in accordance with the provisions of the Companies Act, R.S.O. 1931, Chapter 121, and the regulations thereunder. The consolidated financial statements are prepared on the basis of the books and records of the Company and its subsidiary companies, and are subject to audit by the shareholders.

Attest: _____

W. A. WATSON,
Secretary

THOMAS CLARK,
Chairman

Canadian Western Lumber Company, Limited

(Incorporated under the Laws of the Dominion of Canada),

And its Subsidiary Companies.

DIRECTORS' REPORT

AND

CONSOLIDATED BALANCE SHEET AND FINANCIAL STATEMENTS,

AS AT

31st DECEMBER, 1944.

Notice of Annual Meeting.

To the Shareholders of

Canadian Western Lumber Company, Limited.

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of CANADIAN WESTERN LUMBER COMPANY, LIMITED, will be held in the Company's Offices, 25 King Street West, in the City of Toronto, Canada, at the hour of 11 o'clock a.m., on Friday, the 27th day of April, 1945, to receive and consider the Report of the Directors, the Consolidated Balance Sheet and Financial Statements of the Company and the Report of the Auditors; to elect Directors; to appoint Auditors; and to transact such other business as may properly be brought before the Meeting.

By Order of the Board,

W. A. WALKER,
Secretary.

TORONTO, CANADA,
24th March, 1945.
